

Office of the State Auditor  
Financial and Compliance Audit of the Colorado Student Loan Program dba College Assist  
Fiscal Year 2022

Responses to Prospective Bidder Inquiries:

1. Any significant events or transactions (e.g., debt issuances, mergers, significant new types of operational activities, etc.) expected to occur in 2022 or beyond that would be considered as different/new/unusual that could materially impact audit procedures or the scope of work?

According to Department staff, there have been significant changes to the FFEL program due to COVID. There has been a pause on collections since March of 2020, expected to expire April 30, 2022. The Department of Education issued a Dear Colleague Letter (DCL) in May 2021 which required regulatory changes.

2. Have there been any changes or departures in key staff, at all levels, in the past three years that would affect the upcoming audit? Are you aware of any upcoming departures of key financial reporting personnel due to retirements, etc. in the next year or two?

According to Department staff, there have been no changes in staff nor do they expect any.

3. Is there a process for posting follow-up questions received from other potential bidders?

All RFP questions received are combined together in one document and will be emailed back to each potential bidder who submitted questions. The responses will also be posted on our website with the RFP at <https://leg.colorado.gov/agencies/office-state-auditor/requests-proposals>.

4. For this RFP, who will comprise the selection committee (i.e., Office of the State Auditor personnel, Department personnel, etc.)?

As outlined in the RFP, Section III, Part A, an OSA evaluation team, which is OSA personnel, will judge the merits of all proposals received and will select the bidder whose proposal is most responsive to the State Auditor's needs while being within available resources. As noted in Section I, Part G, the State Auditor reserves the right to accept or reject, in part or in its entirety, any or all bids received as a result of this RFP if, in the opinion of the State Auditor, it is in the best interest of the State to do so.

5. What were the fees paid for the last three audit years (2021, 2020, and 2019, respectively)? Were any additional fees incurred for non-attest services during these timeframes? If so, please elaborate.

The contract fee for Fiscal Year 2021 was \$69,000. The contract fee for Fiscal Year 2020 was \$68,160. The contract fee for Fiscal Year 2019 was \$75,985. There were no additional audit fees billed that were outside the scope of the services listed in the RFP.

6. Has the existing CPA firm performed the IT general control testing in the past or contracted that service? If contracted, who performed the service?

In past years, the contracted CPA firm performed the IT general control testing for the Department.

7. For 2022 and future years, what is the expectation of the auditor for performing the audit in the field versus remotely?

According to Department staff, they are able to provide a lot of documentation electronically, however their personally identifiable information (PII) documents are required to be reviewed in the office. There are more PII documents selected to be reviewed in a year when a single audit is required.

8. Historically, how many auditors does College Assist have on-site during audit interim fieldwork and final fieldwork?

a. Historically, how long have those auditors been on-site for interim fieldwork and final fieldwork?

b. Historically, how long have those auditors worked remotely for interim fieldwork and final fieldwork, if applicable?

The actual number of hours and levels of audit staff for this audit were not provided to us. The hours spent and the time it took to complete the engagement were at the discretion of the auditor in order to complete the requested procedures outlined in the RFP.

According to Department staff, normally we have one to two auditors. Interim is usually at the end of May or early June with final fieldwork starting after Labor Day in September. The length of interim and final depend on College Assist needing a single audit. College Assist will probably be included for single audit in Fiscal Year 2022. College Assist is usually required to perform a single audit every 3 years.

9. Are there any changes that you would like to see in the timing of the audit process for any of the above? What is the Organization's preferred timing for interim and final fieldwork?

Interim fieldwork related to the Single audit and the financial audit can begin as soon as the OSA has a completed contract with the awarded firm, a signed engagement letter has been obtained from Department management, and an entrance conference has been held with the Department/contract auditor/OSA. The firm awarded the contract may contact the Department to determine the best timing for performing fiscal year-end audit work. In general, single audit work may be performed at interim, with testwork related to coverage through the end of the year performed at a later time. Internal controls testing may begin at a time subsequent to the entrance conference as agreed upon by the contractor and Department. Remaining fiscal year-end financial work may begin after fiscal year end close, which is approximately the beginning of August. All testing generally

needs to be done based on the associated attest due dates as noted in the RFP documents. This timing is normally discussed during the entrance conference.

According to Department staff, they prefer to have the interim work performed by early June and the final fieldwork in early September. Some of our entries are prepared by the Colorado Office of the State Controller, so final fieldwork cannot necessarily be performed any earlier.

10. With respect to the availability of audit documentation that may assist in reducing our first-year costs:

- a. Does College Assist have the ability to provide the majority of the requested audit work papers electronically to facilitate off-site audit work to minimize travel costs?

According to Department staff, they do have some information electronically, however the single audit work should be completed on site as well as review of some personally identifiable information documentation.

- b. Does College Assist have documented internal control procedures/memos?

According to Department staff, yes, College Assist has documented internal controls.

- c. Does College Assist have a working copy of the prior year PBC (prepared by client) audit lists and confirmations (if applicable)?

This information is part of the audit workpapers. Access to prior year work papers will be granted upon award of the contract.

11. From a timing perspective,

- a. What is the earliest preliminary fieldwork could commence?

- b. When has fieldwork for the audit historically commenced?

Interim fieldwork related to the Single audit and the financial audit can begin as soon as the OSA has a completed contract with the awarded firm, a signed engagement letter has been obtained from Department management, and an entrance conference has been held with the Department/contract auditor/OSA. The firm awarded the contract may contact the Department to determine the best timing for performing fiscal year-end audit work. In general, single audit work may be performed at interim, with testwork related to coverage through the end of the year performed at a later time. Internal controls testing may begin at a time subsequent to the entrance conference as agreed upon by the contractor and Department. Remaining fiscal year-end financial work may begin after fiscal year end close, which is approximately the beginning of August. All testing generally needs to be done based on the associated attest due dates as noted in the RFP documents. This timing is normally discussed during the entrance conference.

According to Department staff, preliminary fieldwork can commence at the end of May, this enables them to have closed their books through April 30th. Normally,

interim is at the end of May and final is at the beginning of September after Labor Day.

12. Have there been any deficiencies in internal control (materials weaknesses, significant deficiencies, or control deficiencies) reported in the past two years? The released financial statements for College Assist for Fiscal Year 2021 and 2020 can be found on our website, see the locations below. There were no deficiencies in internal controls identified.

<https://leg.colorado.gov/audits/colorado-student-loan-program-dba-college-assist-fiscal-years-ended-june-30-2021-and-2020>

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13. The *Government Auditing Standards* report on internal control and compliance does not identify any material weaknesses or significant deficiencies in internal control identified during the fiscal year 2021 audit. Were there any internal control deficiencies or other recommendations identified that did not rise to the level of being a significant deficiency?

During the Fiscal Year 2021 audit, there were no deficiencies or recommendations that did not rise to the level of a significant deficiency.

14. What software systems does College Assist utilize? Is there an anticipated system conversion in the next year?

According to Department staff, College Assist utilizes the State of Colorado's accounting system, the Colorado Operations Resource Engine (CORE). We will continue to use the State's accounting system.

15. Who drafts the financial statements and what is the independent auditor's responsibility for formatting the financial statements as well as printing and binding them?

According to Department staff, College Assist drafts the financial statements, the audit team formats them and provides 3 bound copies and a PDF copy. We have a federal deadline to submit annual financial statements as of December 31 of each year.

16. When does the Organization plan on having the following financial statements (including MD&A and Footnotes) drafted and ready for the Auditor to perform audit work?

According to Department staff, College Assist typically has the financial statement draft ready near the end of final fieldwork or by the end of September. Some State of Colorado entries can delay our timing. For example the State of Colorado records GASB 68/75 and unrealized gain or loss adjustments for the Treasury cash accounts.

17. Are there any upcoming GASB standards which may significantly impact the Organization? Has College Assist adopted the new GASB Lease Standard?

According to Department staff, College Assist has adopted GASB 87, however the lease standard is immaterial. The only lease they have is 50% of the building lease.

18. GASB Statement No. 87 related to leases will be effective for fiscal year 2022. Does College Assist have a significant number of leases that will be subject to the requirements of this Statement?

See answer to question 17.

19. Other than those outlined in the RFP, does the OSA or the department have any other specific accounting or auditing concerns? What, if any, new or recently adopted regulations, standards, or issues may cause either the OSA or the department concern for the upcoming year and beyond?

All OSA requirements for the audit are included in the RFP, there are no other concerns for the Fiscal Year 2022 audit.

According to Department staff, College Assist does not have specific accounting or auditing concerns at this time.

20. Are you currently aware of any areas for which OSA would like additional audit procedures performed beyond those outlined in the RFP?

All OSA required audit procedures are outlined in the RFP.

21. Have there been any regulatory audits performed during the year? If so, were there any findings or issues brought to management's attention?

According to Department staff, they have not had any findings in any of their Federal Department of Education audits in the last three fiscal years. The last federal audit was performed in May 2021 and they are still awaiting their final report. However, they are not anticipating any findings based on final conversations.

22. The auditor communications letter from the fiscal year 2021 audit indicates there were no posted or passed audit adjustments from the fiscal year 2021 audit. Were there any on-top adjustments or other closing adjustments posted after the trial balances were initially provided to the auditors?

According to Department Staff, no adjustments were made to College Assist from the information originally provided to the auditors.

23. What was the total audit effort by the prior year external auditor for the period ending June 30, 2021 in hours? How many audit team members were used on the engagement and for approximately how many weeks did the audit work span?

The actual number of hours, audit staff, and levels of audit staff for this audit were not provided to us. The hours spent and the time it took to complete the engagement

were at the discretion of the auditor in order to complete the requested procedures outlined in the RFP.

24. In a typical year, how many auditors are on-site during audit fieldwork, and how many weeks are the auditors in the field for the audit?

According to Department staff, typically, they have one to two auditors for a week for interim and a week for final. However, if they are selected for single audit, then an additional week may be necessary.

25. How was the audit process changed in fiscal year 2021 as a result of the COVID-19 pandemic? Was the audit conducted partially or entirely remotely? Would such an approach be acceptable for fiscal year 2022 if the pandemic has not yet ended?

According to Department staff, the audit was conducted in a hybrid manner, partially remote and partially on-site. Auditors who perform work on-site are required to be vaccinated per our office policy and show proof of vaccination.

26. Since the single audit is overseen at the statewide level, will the deliverables resulting from the audit of College Assist's federal programs be the attest memos and findings (if any) resulting from the audit? Or will there be additional deliverables?

As noted in the RFP at Section I, Part C and in the contract at Exhibit I, the deliverables for any single audit work will include the attest memos and findings to the OSA. There are no additional deliverables for the single audit.

27. Given that the FFEL program was terminated effective July 1, 2010, and College Assist is servicing its loan portfolio from prior to that date, does the organization anticipate that its activities will taper off over time and the organization will eventually cease to exist? Or will College Assist perform new services in place of its servicing of FFEL loans?

According to Department staff, their latest forecast shows College Assist will still have net income for at least 6 more years continuing to service their existing loan portfolio. They, however, cannot anticipate the impact of any Federal Department of Education changes. College Assist will be continuing to focus on their college access mission.

28. What types of additional federal or state funding (if any) has College Assist received as a result of the COVID-19 pandemic? How has this been addressed by the financial reporting processes in place at College Assist?

According to Department staff, College Assist has not received any funding from the State of Colorado or additional COVID relief funds from the Federal Government. However, due to the Federal Department of Education suspending collections based on their Dear Colleague Letter issued in May 2021, the Federal Department of Education is providing College Assist with funding to cover lost collection revenue, based on their historical results.

29. Does College Assist anticipate any other major changes in its federal or state funding over the next several years that would have a significant impact on the financial statements?

According to Department staff, we are not aware of any major changes, but the Department of Education can change regulation and require changes to our program as we have seen with COVID.

30. Have there been any significant changes in the operations of the organization since the 2021 audit that would have a significant impact on the scope of the engagement?

According to Department staff, the Dear Colleague Letter was already in effect as of Fiscal Year 2021, other than those changes, they do not anticipate any others that would have a significant impact on the audit.

31. Please provide, if applicable, the required communications letter issued by the external auditor in connection with the audit of the 2021 financial statements.

The required communications letter is included as part of the report for College Assist. The Fiscal Year 2021 report can be found on the OSA website at:

<https://leg.colorado.gov/audits/colorado-student-loan-program-dba-college-assist-fiscal-years-ended-june-30-2021-and-2020>

32. Is there any significant capital projects/improvements expected to be entered into during the year ending June 30, 2022?

According to Department staff, College Assist does not anticipate having any significant capital projects or improvements for Fiscal Year 2022.

33. Does the organization expect to have any significant new grants or other contracts during the year ending June 30, 2022?

According to Department staff, College Assist does not anticipate having any new grants or contracts during Fiscal Year 2022.

34. Is College Assist anticipating any significant new federal awards that will result in additional programs that will need to be tested as a major program for the federal compliance audit for the year ending June 30, 2022?

As noted in the RFP at Section I, Part C “for Fiscal Year 2022, it is anticipated that the Federal Family Education Loan program (FFEL) major program will be audited at College Assist.”

According to Department staff, College Assist only has one federal program that is required to be tested and they don’t anticipate any new major programs that will need to be tested. College Assist does qualify for a single audit every three years when the program is selected.

35. Does College Assist have an internal audit function? If so, please provide any reports that would have an impact on the financial statement audits.



College Assist does not have an internal audit function. College Assist does perform compliance testing of the work performed by our guarantor servicer, ECMC. ECMC does receive a SOC 1 report and completes an Attestation audit over the FFEL program activities.

36. Are there any significant changes in internal controls, reporting structure or operating strategies from 2021?

According to Department staff, they have not had any significant changes in internal controls.

37. How long has College Assist had the current auditor (including time prior to the firm acquisition)? Given its inherent advantage in terms of knowledge of the College Assist, how receptive is the College Assist to considering a change in auditor?

As noted in the RFP in Section I, Part N states "The successful bidder will be awarded a one-year contract which may be renewed on an annual basis for up to four additional years subject to acceptable performance and costs." Therefore, the audit goes up for RFP every 5 years. The current audit firm has performed the audit for Fiscal Years 2017 through 2021. The audit firm must comply with the requirements of the RFP and therefore, would be allowed to propose if they comply with the requirements. See Section I, Part L for information on the eligibility of firms to propose.

According to Department staff, the current auditor has been working with them for five years and has a wealth of knowledge regarding College Assist. They would prefer to extend the engagement for their current auditors but are willing to work with any new auditor appointed by the Colorado Office of the State Auditor.

38. Please provide copies of management letters for the past two years.

This information is part of the audit workpapers. Access to prior year work papers will be granted upon award of the contract.

39. Have there been any disagreements with your auditors on accounting issues in the past two years?

According to Department staff, they have not had any disagreements with their auditors in the past two years.

40. Are there improvements that you would like to see made in the overall audit process, timing, communication, other areas?

According to Department staff, the only improvement would be having a consistent team from year to year.

41. The RFP states that a final audit report must be delivered to the State Auditor by October 31<sup>st</sup>. However, the last two audits were dated by the Auditor on December 2<sup>nd</sup> and December 1<sup>st</sup> respectively. What caused those audits to be delayed in getting issued? And, what procedures have been put in place to ensure the 2022 auditor will have appropriate time to issue by October 31<sup>st</sup>?



Recent delays have all been attributed to the COVID-19 pandemic and the timing of the OMB Compliance Supplement and related addendums. As stated in the RFP, the final audit report must be delivered to our office by November 1, 2022 for our review, so the auditor must plan to have a draft report to the OSA for review by October 14, 2022. Delays, including delays due to the number of financial audit reports received by the OSA for review during October, result in report finalization dates subsequent to November 1, but these issues vary each year. After our review is complete the report must then be released by the Legislative Audit Committee (LAC). The dates of the LAC hearings for November and December vary each year.

42. What impact has COVID had on the Organization?

According to Department staff, the greatest impact COVID has had on College Assist is the Department of Education suspending collections activities.

43. Are there any other accounting/information systems outside of CORE that the Organization uses that is significant to your financial operations? And where there any changes to the software during 2022.

According to Department staff, there have been no changes in software, College Assist will continue to use CORE.

44. Does the organization use any third-party service providers for processing of activity (e.g. payroll, claims, IBNR)?

According to Department staff, ECMC is their guarantor servicer for their student loan portfolio. All employees are employed by CollegeInvest and their time is allocated to College Assist for student loan work. Payroll is processed through ADP for CollegeInvest.

45. Were there any major IT changes, system failures/issues/etc. noted during 2022?

According to Department staff, they did not have any major IT changes, failures, or issues in Fiscal Year 2022.

46. Have there been any instances of fraud or cyber-attack incidents reported in the last year?

According to Department staff, they have not had any instances of fraud or cyber-attacks in the last year.